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June 29, 2016

Mr. Suleiman M. Al-Yahyai
Royal Court Affairs
The Palace
Muscat, Oman

Omagine Project – Update

Dear Suleiman,

Please find below an update as of the date hereof of the key activities relating to the status of the Omagine project (“Project”).

Section 1. CCC Default

Rather than repeat the history of misrepresentation by CCC here, I have attached a copy of the recent Sumou Q&A we sent to you on June 11th. I direct your attention to the relevant sections I have highlighted in the Q&A as they will provide you with a concise and accurate status summary.

The bottom line is: Omagine LLC (the “Company”) has experienced many delays to date in the Project – not because of RCA’s or OMAG’s actions – but solely because of the repeated and purposeful defaults by CCC of its legal obligations under the Shareholder Agreement. As you know, CCC has defaulted on four separate occasions (January, February, April and May) – one of which occasions was at the meeting in Dubai with you, Sam and Samer Khoury.

Section 2. Project Financing & Shareholder Agreement

The Shareholder Agreement (“SHA”) which Omagine, Inc. (“OMAG”), RCA and CCC (collectively the “Shareholders”) signed in 2011 was perfectly structured to provide financial safety for RCA and CCC while assuring the smooth, efficient and timely execution and delivery of the Omagine Project.

As contemplated by the SHA, the very first thing to be accomplished after the signing of the Development Agreement (“DA”) was to raise the approximately \$20 million required for the initial Phase One activities (including the masterplanning, schematic design and engineering, environmental studies, fencing, detailed phasing plan and marketing strategy) [the “Initial Activities”].

As we and you and all of the Company’s Shareholders know, absent the completion of the Phase One Initial Activities, it is impossible to arrange the financing for the follow-on phases of the Project’s development (the “Long Term Project Financing”).

As we have discussed innumerable times, the banks will not enter into any actionable discussions or execute any type of agreements relating to the Long Term Project Financing until the “soft costs” of Phase One and the Initial Activities are undertaken and completed by the Shareholders.

Omagine LLC

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So, the object of the first post-DA exercise – as contemplated by the SHA – was to raise the \$20 Million to complete Phase One in order to promptly launch the Project (including arranging for the Long Term Project Financing as Phase One neared completion) as well as off-plan Sales and Regional Roadshows.

As you know, the Financing Agreement Date occurred on November 26, 2015 when the Company and Masraf Al Rayan executed a \$25 million USD Financing Agreement to finance the performance and execution of the Initial Activities of Phase One. Shortly thereafter in December, CCC agreed to invest their required \$50 million as per the requirements of the SHA.

Then they changed their mind a week later.

Then they said ok if the Company would double the construction price for CCC and throw out the previous contract OMAG (on behalf of the Company) spent six months negotiating and agreeing with CCC and the Company's lawyers.

Then they agreed on three separate different occasions in February, April and May (you were there for one of those agreements) to invest \$10 million.

On all such occasions, CCC reneged on their promises and defaulted on their obligations.

Section 3. Investment Interests

Sumou Update

As you know on June 11, 2016, the Company submitted detailed answers to questions posed by Sumou. Based on my understanding of your discussion with the Chairman of Sumou, Sumou would like to invest as long as the Company's Shareholders agree to modify the design of the Project to rid the Project of some or all of the Pearls and add more commercial and residential elements thereby increasing the profitability of the Project. The present 40% IRR and \$1.4 Billion USD are quite healthy – and could easily be increased if we abandoned the "Landmark Purpose" of the Project – which I believe is not RCA's intention as long as the Project – as presently conceived – is commercially feasible --- which if most certainly is per many regional banks and financial experts. Sumou's comment to you as reported to me that "the project is not commercially viable" is absurd on its face. We have consistently and repeatedly tested the Company's present financial model with all the major local banks – including Bank Muscat – and with several regional sophisticated financial experts in real-estate – and all unanimously agree that the Project is very commercially feasible and very profitable – even in spite of the current economic disturbances from falling oil prices.

It's easy to see of course where Sumou's comment is coming from. Like any developer (except the Company) – they are not unlike other developers we have spoken to in the past. All would like to get rid of the Project's Pearls and build only hotels & houses on the plot – because that will unquestionably make more money for them. I can't and don't criticize them or others for thinking this way – it's normal – and obvious – actually, it's a trivial and obvious observation – but it's just not in tune with Omagine's declared Landmark Purpose to (i) enhance the brand of the Sultanate of Oman while at the same time (ii) contributing to the local and national community and also (iii) earning outsize investment returns & profits for the Company's Shareholders.

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If our shared objective and aspirations to build a national landmark has changed, we need to know that because it will make our negotiations with investors in the GCC very much easier.

Chinese Contractors & Investors Update

As you know, the Company is engaged in serious negotiations with several of China's most prestigious contractors and investors, namely, China State Construction Engineering Corporation; China Communications Construction Company; and Metallurgical Corporation of China Ltd. (the "Chinese Parties").

Serious negotiations with Chinese entities typically require a period of 8 months. The Company is hoping to conclude our formal discussions with the Chinese Parties by August 15, 2016. Both Sam and I will travel to Beijing next week to follow-up on our proposals to Chinese Parties we have been dealing with to date.

United Nations Office for Project Services (UNOPS)

As you know, the Company presented the mission of the Project at the United Nations supported World Summit on Innovation on May 18, 2016 in New York and showcased the alignment of the Imagine Pearls and their high-culture content with the United Nations Sustainable Development Goals (SDGs). Please see the attached alignment map.

As a result, Dr. Lou Xiang, ROY the China Director for the United Nations Office for Project Services ("UNOPS") met with our team on June 10 and expressed his commitment to use the UN resources and human capacity development mandates to arrange for a leading Chinese investor and a leading Chinese contractor to provide the necessary investment and contracting capability as well as facilitate the process of Long Term Project Financing with an interested Chinese bank – all such milestones are due by August 30, 2016.

U.S. Government Update

The Company also met (at the UN and in Washington, DC) with the Office of the Science and Technology Adviser to the Secretary of the U.S. State Department to demonstrate the alignment with the agenda of the President of the United States of the aspirational plans for the Imagine Project. The U.S. State Department then met with the Oman Embassy in DC and recommended we meet with the Chief Banking Officer of the Export-Import Bank of the United States with whom they arranged a meeting for us on June 29th. As you know, Ex-Im Bank offers a range of financing solutions for U.S. companies and their international projects.

European Pension Fund

The Company is also engaged in serious negotiation with the European Pension Fund who is an interested investor. The outcome of such discussions will conclude by July 15, 2016.

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Section 4. Next Steps

Now that CCC has shown its true colors, we need to remove them as a shareholder (which we can accomplish quickly & efficiently). That leaves two shareholders in the Company - RCA and OMAG - and we need to face the facts squarely and solve the problem created for us by CCC. We can do that - it's not that hard - and we will do that.

RCA is now obligated per the SHA to invest its \$20 million equity but - per your request - the Company has not asked RCA to do so yet. As you can see from the above Saudi-USA-China-Europe activities, we are hot on the trail of another investor to take CCC's place so that the Company can delay RCA's equity investment obligation as you requested.

Now that we are finished relying on CCC's investment, the Company must finalize its due diligence as we are presently doing to evaluate and conclude an investment and financing solution - including Sumou, the Chinese Parties, the U.S. Ex-Im Bank, the European pension Fund, and others.

If the Company does not succeed in quickly securing another investor to replace CCC, the Company must then give notice to RCA to invest its required \$20 million equity investment - because the Company must complete the Initial Activities of Phase One in order to proceed. Imagine Inc. has spent \$28 million USD to date and is the only shareholder contributing financially to keeping the Company alive during this period.

I can give you a much more detailed report Suleiman when I am in Muscat in mid-July after Sam and I finish up our present rounds of meetings in Washington, DC, Europe and China.

Best regards,

Frank J. Drohan

Imagine LLC

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